

November 26, 2019

Directive 2019-25

TO: ALL PARTICIPATING LENDERS

SUBJECT: The Maryland Mortgage Program Flex Grants (3% and 4%) for Fannie Mae loans will be limited to CLOSING COST ASSISTANCE for any loan with a DU submission date on or after 12/5/2019.

This Directive provides notice to our lender partners that Fannie Mae has announced that, effective for DU submissions dated 12/5/2019 and after, the MMP Flex grant funds may only be used for CLOSING COST ASSISTANCE and not for downpayment assistance. It is the lender's responsibility to ensure that the Flex Grant funds for Fannie Mae loans are **exclusively used for CLOSING COSTS for DU submissions dated 12/5/19 and after**. Please be advised that if Fannie Mae rejects any of those loans due to the grant funds being used to fund downpayment, the lender will have to repurchase the loan.

The updated fact sheets for the 3% and 4% Flex Grants may be accessed here:

<https://mmp.maryland.gov/Lenders/Documents/FactSheets/Flex-3-Grant.pdf>
<https://mmp.maryland.gov/Lenders/Documents/FactSheets/Flex-4-Grant.pdf>

The requirements for MMP Flex Grants used with government (FHA, VA and RHS) insured loans as well as with Freddie Mac conventional loans remain unchanged until further notice. For those loans, the grant funds may be used for downpayment assistance and/or closing costs. This differentiation is also specified in the above fact sheets.

The new codes for FNMA Flex Grant products will go into effect on 12/5/2019 in order to emphasize the change in product requirements. The old codes will no longer be available. If a lender is reserving a loan on or after 12/5/2019, but the DU submission date was prior to 12/5/2019, they would still use the new codes, but would be able to use the funds for downpayment assistance. Any DU submission date after 12/5/2019 may NOT use the Flex Grant funds for downpayment.

FNMA FLEX GRANT CODES

A full list of program codes may be found here:

<https://mmp.maryland.gov/Lenders/Documents/CDAPROGRAMCODEGUIDE.pdf>

FNMA: B:872 – FLEX 3% GRANT CONV >80% AMI
UNTIL 12/5: P: 726
AFTER 12/5: P: 710

FNMA: B: 862 – FLEX 3% GRANT CONV = or < 80% AMI
UNTIL 12/5: P: 594
AFTER 12/5: P: 708

FNMA: B: 742 - MCC FLEX 3% GRANT CONV >80% AMI
UNTIL 12/5: P: 727
AFTER 12/5: P: 714

FNMA: B: 750 – MCC FLEX 3% GRANT CONV = OR< 80% AMI
UNTIL 12/5: P:597
AFTER 12/5: P: 712

FNMA: B:872 – FLEX 4% GRANT CONV >80% AMI
UNTIL 12/5: P: 728
AFTER 12/5: P: 711

FNMA: B: 862 - FLEX 4% GRANT CONV = or < 80% AMI
UNTIL 12/5: P: 371
AFTER 12/5: P: 709

FNMA: B:742 - MCC FLEX 4% GRANT CONV > 80% AMI
UNTIL 12/5: P:729
AFTER 12/5: P:715

FNMA B:750 - MCC FLEX 4% GRANT CONV = OR < 80% AMI
UNTIL 12/5: P: 645
AFTER 12/5: P:713

As always, we appreciate your continued participation in our programs. If you have any questions concerning this Directive or suggestions for improvements, please email singlefamilyhousing.dhcd@maryland.gov.

Sincerely,

Karl Metzgar

Assistant Director / Operations Manager
Single Family Housing



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